

WESTWOOD HEIGHTS SCHOOLS  
FLINT, MICHIGAN  
AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2008

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*Lewis & Knopf, CPAs, P.C.*

Serving You with Trust and Integrity

November 13, 2008

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Westwood Heights Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Westwood Heights Schools, as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Westwood Heights Schools' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Westwood Heights Schools as of June 30, 2008, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover dated November 13, 2008 on our consideration of the Westwood Heights Schools's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis on pages II - VIII, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Westwood Heights Schools' basic financial statements. The additional information on pages 19 - 31 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Lewis & Knopf P.C.*  
LEWIS & KNOFF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

WESTWOOD HEIGHTS SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the Westwood Heights Schools' Administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2008.

Generally accepted accounting principles (GAAP), according to GASB 34, requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

**Fund Financial Statements:**

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service and Athletics Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

**District Wide Financial Statements:**

The District wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

WESTWOOD HEIGHTS SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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**District Wide Financial Statements:** (Continued)

These two statements report the Westwood Heights Schools net assets – the difference between assets and liabilities, as reported in the statement of net assets – as one way to measure the School District’s financial health or financial position. Over time, increases or decreases in the School District’s net assets – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District’s operating results. However, the School District’s goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net assets and the statement of activities report the governmental activities for the School District, which encompasses all of the School District’s services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

**The School District as Trustee – Reporting the School District’s Fiduciary Responsibilities**

The School District is the trustee, or fiduciary for its student activity funds. All of the School District’s fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the School District’s other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**SUMMARY OF NET ASSETS:**

The following summarizes the net assets at the fiscal years ended June 30, 2008 and 2007:

	<u>NET ASSETS SUMMARY</u>	
	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Current Assets	\$3,925,778	\$4,776,751
Non-Current Assets	<u>4,621,712</u>	<u>3,193,660</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$8,547,490</u></b>	<b><u>\$7,970,411</u></b>
 <b><u>LIABILITIES</u></b>		
Current Liabilities	\$2,444,693	\$2,122,433
Long-Term Liabilities	<u>122,838</u>	<u>191,155</u>
Total Liabilities	<u>\$2,567,531</u>	<u>\$2,313,588</u>
 <b><u>NET ASSETS</u></b>		
Invested in Capital Assets - Net of Related Debt	4,493,733	3,065,681
Restricted - Capital Projects	278,112	1,087,744
Unrestricted	<u>1,208,114</u>	<u>1,503,398</u>
Total Net Assets	<u>\$5,979,959</u>	<u>\$5,656,823</u>
 <b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$8,547,490</u></b>	<b><u>\$7,970,411</u></b>

WESTWOOD HEIGHTS SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**RESULTS OF OPERATIONS:**

For the fiscal years ended June 30, 2008 and 2007, the District wide results of operations were:

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
<u>General Revenues:</u>		
Property Taxes Levied for General Operations	\$1,799,626	\$1,755,035
Property Taxes Levied for Capital Projects	524,437	513,283
State of Michigan Unrestricted Foundation Aid	6,159,746	6,417,338
Other General Revenues	<u>255,264</u>	<u>252,373</u>
Total General Revenues	\$8,739,073	\$8,938,029
<u>Operating Grants:</u>		
Federal	1,468,366	1,190,604
State of Michigan	948,507	1,176,736
Other Operating Grants	<u>26,293</u>	<u>35,012</u>
Total Operating Grants	\$2,443,166	\$2,402,352
Charges for Services:		
Food Service	136,784	152,743
Athletics	26,091	25,857
Other Charges for Services	<u>410,714</u>	<u>515,102</u>
Total Charges for Services	\$573,589	\$693,702
Total Revenues	\$11,755,828	\$12,034,083
<b>EXPENSES</b>		
Instruction & Instructional Support	5,964,895	6,445,089
Support Services	4,310,592	4,745,094
Community Services	25,260	69,791
Food Service	673,538	658,345
Athletics	281,053	372,440
Depreciation	<u>177,354</u>	<u>167,932</u>
Total Expenses	\$11,432,692	\$12,458,691
<u>INCREASE (DECREASE) IN NET ASSETS</u>	\$323,136	(\$424,608)
<u>BEGINNING NET ASSETS</u>	<u>5,656,823</u>	<u>6,081,431</u>
<u>ENDING NET ASSETS</u>	<u>\$5,979,959</u>	<u>\$5,656,823</u>

WESTWOOD HEIGHTS SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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**GOVERNMENT- WIDE FINANCIAL ANALYSIS**

Analysis of Financial Position:

During the year ended June 30, 2008, the District's Total Net Assets increased by \$323,136 to a total of \$5,979,959. The largest portion of the net assets is the District's investment in capital assets. Net assets (invested in capital assets, net of related debt) increased by \$1,428,052 during the year due to purchase of new capital assets and principal payments on related debt exceeding depreciation. The District's Unrestricted Net Assets decreased by \$295,284 during the year and the restricted portion of the net assets decreased by \$809,632. The restricted Net Assets consist of the restricted capital projects funds that may only be used to fund capital projects. The unrestricted net assets may be used to fund the educational services provided to students.

Analysis of Results of Operations

The District's overall revenues exceeded its expenses for the year by \$323,136. The total revenues decreased by \$278,255 over last year's amounts. The major changes were a decrease in state aid received and charges for services. Expenditures decreased by \$1,025,999 over last year's amounts due primarily to decreased salary and related mandatory employer benefit costs as a result of reduced staffing levels.

**FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS**

Analysis of Financial Position

The focus of the District's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the district's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. An analysis of changes for the governmental funds is as follows:

General Fund

The district's general fund is the chief operating fund of the district. Unreserved fund balance for the general fund increased by \$10,211 during the year primarily as a result of an increase in cash. Revenues for the year decreased by \$285,432 primarily from a decrease in state aid revenue and transfers from other districts. Expenditures and other financing uses decreased by \$1,009,569 primarily from decreased salary and related mandatory employer benefit costs as a result of reduced staffing levels. The major source of general fund revenues is state aid and taxes. An analysis of them is as follows:

1. State of Michigan Unrestricted Aid (Net State Foundation Grant)  
The State of Michigan aid, unrestricted, is determined with the following variables:
  - a. State of Michigan State Aid Act per student foundation allowance
  - b. Student Enrollment - Blended at 75 percent of current year's fall count and 25 percent of prior year's winter count
  - c. The District's non-homestead tax levy.
2. Per Student, Foundation Allowance:  
Annually, the State of Michigan establishes the per student foundation allowance. The Westwood Heights Schools foundation allowance was \$7,286 per student for the 2007-2008 school year.
3. Student Enrollment:  
The District's student enrollment for the fall count of 2007-2008 was 1,124 students. A decrease of 42 students from the prior year.

WESTWOOD HEIGHTS SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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**FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS (Continued)**

Analysis of Financial Position (Continued)

General Fund (Continued)

4. Property Taxes Levied For General Operations (General Fund Non-Homestead Taxes)

The District levies 18 mills of property taxes for operations (General Fund) on Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property tax revenue for the 2007-2008 fiscal year was \$1,837,482; an increase of \$60,159 from the prior year.

**GENERAL FUND BUDGETARY HIGHLIGHTS:**

**GENERAL FUND BUDGET VS. ACTUAL**

	Original Budget	Final Budget	Actual	Variance Original & & Final Budget %	Variance Actual & Final Budget %
Revenue	\$10,501,862	\$10,909,221	\$10,499,169	0.04	3.76
Expenditures	10,501,862	10,965,520	10,488,958	0.04	4.35
<b><u>TOTAL</u></b>	<b><u>\$0</u></b>	<b><u>(\$56,299)</u></b>	<b><u>\$10,211</u></b>		

**ANALYSIS OF BUDGETS:**

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, Westwood Heights Schools amends its budget during the school year. The June, 2008 budget amendment was the final budget for the fiscal year. The variances between the original and final budget are due primarily to adjustments to unrestricted state aid due to a decrease in blended count on which state aid is based and adjustments to various state and federal grants.

The variances between the actual expenditures and the original and final amended budgets are the result of employee salary and benefit adjustments and adjustments to state and federal grant expenditures.



WESTWOOD HEIGHTS SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**CAPITAL ASSET AND DEBT ADMINISTRATION**

A. Debt, Principal Payments

The District made principal payments on bonded, long-term debt obligations that reduced the amount of the District's long term liabilities as follows:

	Principal Balance 7-01-07	Increases 6-30-08	Principal Payments 6-30-08	Principal Balance 6-30-08
Bonds Payable	\$127,979	\$0	\$0	\$127,979
Sick Days Payable	63,176	5,392	0	68,568
<u>Total Long-Term Bond Obligations</u>	<u>\$191,155</u>	<u>\$5,392</u>	<u>\$0</u>	<u>\$196,547</u>

B. Capital Assets

The district's net investment in capital assets increased by \$1,428,052 during the fiscal year. This can be summarized as follows:

	Balance 7-1-07	Additions	Deductions	Balance 6-30-08
Capital Assets	\$12,433,462	\$1,687,352	\$0	\$14,120,814
Less: Accumulated Depreciation	(9,239,802)	(259,300)	0	(9,499,102)
<u>Net Investment Capital Outlay</u>	<u>\$3,193,660</u>	<u>\$1,428,052</u>	<u>\$0</u>	<u>\$4,621,712</u>

Significant additions was the building renovation, including the kitchen renovation, at McMonagle Elementary.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

\* Foundation allowance

The Board of Education and Administration agreed to an estimate of a foundation allowance of \$ 7,394 per pupil for the 2008-2009 fiscal year based on information received from various educational organizations such as Michigan Association of School Business Officials, Michigan Association of School Administrators, and the Michigan Association of School Boards as well as discussions local state representatives. The political debate regarding the funding of public education, the current economic climate in the State of Michigan and the gubernatorial election will all affect this estimate before the final foundation allowance is known.

\* Retirement Rates

The continuing cost of health insurance to current and potential retirees continues to drive the rate increases the Michigan School Personnel Retirement System recommends to the legislature for approval. The rate is anticipated to decrease to 16.54% from 16.72% in 2007-2008.

\* The Westwood Heights Schools' 2008-2009 adopted budget is as follows:

REVENUE	\$10,286,143
<u>EXPENDITURES</u>	<u>10,286,143</u>
<u>NET (UNDER) BUDGET</u>	<u>\$0</u>

WESTWOOD HEIGHTS SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Office, Westwood Heights Schools.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2008

	<u>Governmental Activities</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$2,400,607
Accounts Receivable	3,457
Due from Other Governmental Units	1,501,081
Inventory	14,018
Prepaid Expenses	6,615
Total Current Assets	<u>\$3,925,778</u>
<u>NON-CURRENT ASSETS</u>	
Capital Assets	14,120,814
Less: Accumulated Depreciation	<u>(9,499,102)</u>
Total Noncurrent Assets	<u>\$4,621,712</u>
<u>TOTAL ASSETS</u>	<u><u>\$8,547,490</u></u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$226,510
State Aid Anticipation Note Payable	1,238,027
Accrued Expenses	136,394
Salaries Payable	557,547
Deferred Revenue	212,506
Current Portion of Long-Term Obligations	73,709
Total Current Liabilities	<u>\$2,444,693</u>
<u>NON-CURRENT LIABILITIES</u>	
Noncurrent Portion of Long-Term Obligations	<u>122,838</u>
<u>TOTAL LIABILITIES</u>	<u>\$2,567,531</u>
<u>NET ASSETS</u>	
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	4,493,733
Restricted for:	
Capital Projects	278,112
Unrestricted	1,208,114
Total Net Assets	<u>\$5,979,959</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u><u>\$8,547,490</u></u>

See accompanying notes to the basic financial statements.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue &amp; Change in Net Assets</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Instruction	\$5,964,895	\$0	\$1,879,708	(\$4,085,187)
Support Services	4,310,592	410,714	42,470	(3,857,408)
Community Services	25,260	0	5,497	(19,763)
Food Service	673,538	136,784	515,491	(21,263)
Athletics	281,053	26,091	0	(254,962)
Depreciation - Unallocated	177,354	0	0	(177,354)
<u>TOTALS</u>	<u>\$11,432,692</u>	<u>\$573,589</u>	<u>\$2,443,166</u>	<u>(\$8,415,937)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				2,324,063
State Aid				6,159,746
Investment Earnings				46,246
Miscellaneous				209,018
Total General Revenues and Transfers				<u>\$8,739,073</u>
Change in Net Assets				\$323,136
Net Assets - Beginning				<u>5,656,823</u>
<u>Net Assets - Ending</u>				<u>\$5,979,959</u>

See accompanying notes to the basic financial statements.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2008

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and Cash Equivalents	\$2,076,229	\$324,378	\$2,400,607
Accounts Receivable	1,225	2,232	3,457
Due From Other Funds	0	16,993	16,993
Due From Other Governmental Units	1,482,984	18,097	1,501,081
Inventory	0	14,018	14,018
Prepaid Expenses	6,615	0	6,615
<u>TOTAL ASSETS</u>	<u>\$3,567,053</u>	<u>\$375,718</u>	<u>\$3,942,771</u>
<u>LIABILITIES</u>			
Accounts Payable	\$209,294	\$17,216	\$226,510
State Aid Anticipation Note Payable	1,238,027	0	1,238,027
Due to Other Funds	16,993	0	16,993
Accrued Expenses	132,580	3,814	136,394
Salaries Payable	541,898	15,649	557,547
Deferred Revenue	212,506	0	212,506
Total Liabilities	\$2,351,298	\$36,679	\$2,387,977
<u>FUND BALANCES</u>			
Reserved For:			
Inventory	0	14,018	14,018
Capital Projects	0	278,112	278,112
Designated	344,670	0	344,670
Unreserved:			
Undesignated, Reported In:			
General Fund	871,085	0	871,085
Special Revenue Fund	0	46,909	46,909
Total Fund Balances	\$1,215,755	\$339,039	\$1,554,794
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$3,567,053</u>	<u>\$375,718</u>	<u>\$3,942,771</u>

See accompanying notes to the basic financial statements.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
AS OF JUNE 30, 2008

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Total Governmental Fund Balances: \$1,554,794

Amounts reported for governmental activities in the statement of  
net assets are different because:

Capital assets used in governmental activities are not financial  
resources and therefore are not reported as assets in governmental  
funds. The cost of the assets is \$14,120,814 and the  
accumulated depreciation is \$9,499,102 4,621,712

Long-term liabilities, including bonds payable, are not due and  
payable in the current period and therefore are not reported as  
liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable	\$127,979	
Sick Days Payable	68,568	
Total Long-Term Liabilities		<u>(196,547)</u>

TOTAL NET ASSETS -  
GOVERNMENTAL ACTIVITIES \$5,979,959

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>			
Local Sources	\$2,354,948	\$741,168	\$3,096,116
State Sources	7,062,409	45,844	7,108,253
Federal Sources	998,719	469,647	1,468,366
Total Revenues	<u>\$10,416,076</u>	<u>\$1,256,659</u>	<u>\$11,672,735</u>
<u>EXPENDITURES</u>			
Current:			
Instruction	5,944,895	0	5,944,895
Student Services	666,096	0	666,096
Instructional Support	469,788	0	469,788
General Administration	321,074	0	321,074
School Administration	700,418	0	700,418
Business Administration	171,145	0	171,145
Operation & Maintenance of Plant	1,334,795	0	1,334,795
Transportation	432,104	0	432,104
Support Services - Central	131,526	0	131,526
Community Services	25,260	0	25,260
Food Service & Athletics	0	1,266,711	1,266,711
Capital Projects	0	1,337,597	1,337,597
Total Expenditures	<u>\$10,197,101</u>	<u>\$2,604,308</u>	<u>\$12,801,409</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$218,975	(\$1,347,649)	(\$1,128,674)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers from (to) Other Funds	(241,914)	241,914	0
Other Transfers	33,150	(4,000)	29,150
Total Other Financing Sources (Uses)	<u>(\$208,764)</u>	<u>\$237,914</u>	<u>\$29,150</u>
Net Change in Fund Balance	\$10,211	(\$1,109,735)	(\$1,099,524)
<u>FUND BALANCE - BEGINNING</u>	<u>1,205,544</u>	<u>1,448,774</u>	<u>2,654,318</u>
<u>FUND BALANCE - ENDING</u>	<u>\$1,215,755</u>	<u>\$339,039</u>	<u>\$1,554,794</u>

See accompanying notes to the basic financial statements.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

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Total net change in fund balances - governmental funds	(\$1,099,524)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

1,428,052

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.

0

(Increase) in accrued compensated absences

(5,392)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$323,136



WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
AS OF JUNE 30, 2008

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	Trust & Agency
<u>ASSETS</u>	
Cash and Cash Equivalents	<u>\$50,000</u>
<u>TOTAL ASSETS</u>	<u>\$50,000</u>
<u>LIABILITIES</u>	
Due to Student Groups	<u>\$50,000</u>
<u>TOTAL LIABILITIES</u>	<u>\$50,000</u>

See accompanying notes to the basic financial statements.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<u>REVENUES</u>				
Local Sources	\$2,336,931	\$2,376,537	\$2,354,948	(\$21,589)
State Sources	7,187,968	7,285,852	7,062,409	(223,443)
Federal Sources	820,852	1,162,975	998,719	(164,256)
Total Revenues	<u>\$10,345,751</u>	<u>\$10,825,364</u>	<u>\$10,416,076</u>	<u>(\$409,288)</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	6,049,731	6,119,340	5,944,895	174,445
Student Services	503,148	786,529	666,096	120,433
Instructional Support	501,195	538,556	469,788	68,768
General Administration	388,957	340,058	321,074	18,984
School Administration	904,955	704,358	700,418	3,940
Business Administration	153,000	179,575	171,145	8,430
Operation & Maintenance of Plant	1,116,805	1,344,699	1,334,795	9,904
Transportation	466,640	468,665	432,104	36,561
Support Services - Central	115,884	139,441	131,526	7,915
Community Services	49,012	55,997	25,260	30,737
Total Expenditures	<u>\$10,249,327</u>	<u>\$10,677,218</u>	<u>\$10,197,101</u>	<u>\$480,117</u>
Excess of Revenues Over Expenditures	\$96,424	\$148,146	\$218,975	\$70,829
<u>OTHER FINANCING SOURCES (USES)</u>	<u>(96,424)</u>	<u>(204,445)</u>	<u>(208,764)</u>	<u>(4,319)</u>
Net Change in Fund Balance	\$0	(\$56,299)	\$10,211	\$66,510
<u>FUND BALANCE - BEGINNING</u>			<u>1,205,544</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$1,215,755</u>	

See accompanying notes to the basic financial statements.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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1) REPORTING ENTITY

The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing arrangements. Based on application of the criteria, the entity does not contain component units.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes, and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Westwood Heights Schools conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section to provide an analysis of the District’s overall financial position and results of operations.

Financial statements prepared with full accrual accounting for all of the District’s activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements and notes to the financial statements.

A) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the District’s activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District’s functions. General government revenues also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

The District does not allocate indirect costs. Inter-fund transactions have been eliminated in the government-wide financial statements.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the general-purpose financial statements in this report, into five generic fund types in two broad fund categories as follows:

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund

The General Fund is used to record the general operations of the District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Funds

Special Revenue Funds are used to segregate the transactions of particular activities from regular revenue and expenditure accounts. The District maintains full control of these funds. The District maintains two school service funds: Food Service and Athletic Funds.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund

The Capital Projects Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of §1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The District's fiduciary funds consist of agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used to account for amount held for student and employee groups.

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS (Continued)

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 40 *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

E) PREPAID ASSETS

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F) INVENTORY

On government-wide financial statements are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. Inventory in governmental funds consists of expendable supplies held for consumption.

G) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a \$5,000 capitalization threshold and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Improvements	20 – 50 years
Furniture and Equipment	5 – 10 years
Vehicles and Buses	5 years

H) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities columns of the statement of net assets.

I) COMPENSATED ABSENCES

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

K) FUND BALANCE RESERVES

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories.

L) NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N) BUDGETARY DATA

The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

- 1) Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
- 2) A public hearing is conducted during June to obtain taxpayer comments.
- 3) Prior to June 30, the budget is legally enacted through passage of a resolution.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N) BUDGETARY DATA (Continued)

- 4) For purposes of meeting emergency needs of the School District, transfer of appropriations may be made by the authorization of the Superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.
- 5) The School Superintendent is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1968 PA 2 provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the School District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the School District for these budgetary funds were adopted to the functional level.

During the year ended June 30, 2008, the School incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated.

4) DEPOSITS AND INVESTMENTS

As of June 30, 2008, the District had no investments.

**Interest rate risk.** In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

**Credit risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2008, the District's investment in the investment pool was rated AAA by Standards & Poor's and AAA by Moody's Investors Service. The District's investments in commercial paper were rated A1 by Standard & Poor's, F-1 by Fitch Ratings, and P-1 by Moody's Investors Service. The District's investments in corporate bonds were rated AAA by Standard & Poor's and Fitch Ratings, and AAA by Moody's Investors Service.

**Concentration of credit risk.** The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**Custodial credit risk – deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2008, \$2,704,770 of the District's bank balance of \$2,809,167 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.



WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

4) DEPOSITS AND INVESTMENTS (Continued)

**Custodial credit risk – investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

**Foreign currency risk.** The District is not authorized to invest in investments which have this type of risk.

5) PROPERTY TAXES

The School District levies its property taxes on December 1 and various municipalities collect its property taxes and remit them to the District through February. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, the proceeds of which have been used to pay the District for these delinquent real property taxes. These delinquent real property taxes have been recorded as revenue in the current year.

6) RECEIVABLES

Receivables at June 30, 2008, consist of taxes, accounts (fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables (due from other governmental units) follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>AMOUNT</u>
State Aid	\$ 1,296,498
Federal Grants	143,374
Other Grants	61,209
<u>TOTAL GOVERNMENTAL ACTIVITIES</u>	<u>\$ 1,501,081</u>

7) UNEMPLOYMENT COMPENSATION

The District is subject to the Michigan Employment Security Act and has elected the reimbursement method of financing. Under this method, the District must reimburse the Employment Commission for all benefits charged against the District for the year. As of June 30, 2008 the School District had estimated claims payable of \$72,098 in conjunction with the program.

8) SHORT-TERM DEBT

The District borrowed \$1,200,000 at 3.68% per annum on August 20, 2007, from Citizens Bank on a State Aid Anticipation Note. The short-term note proceeds were used to meet cash flow needs. The balance as of June 30, 2008 including interest was \$1,238,026. The note was repaid on August 20, 2008.

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2008</u>
<u>State Aid</u>	<u>\$1,245,000</u>	<u>\$1,200,000</u>	<u>\$1,245,000</u>	<u>\$1,200,000</u>

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

9) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<u>GOVERNMENTAL ACTIVITIES</u>				
Buildings and Improvements	\$7,709,351	\$1,663,283	\$0	\$9,372,634
Land Improvements	3,722,503	0	0	3,722,503
Equipment and Furniture	773,303	13,270	0	786,573
Vehicles	228,305	10,799	0	239,104
Totals at Historical Cost	<u>\$12,433,462</u>	<u>\$1,687,352</u>	<u>\$0</u>	<u>\$14,120,814</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(5,352,026)	(158,899)	0	(5,510,925)
Land Improvements	(3,157,761)	(37,648)	0	(3,195,409)
Equipment and Furniture	(569,298)	(45,112)	0	(614,410)
Vehicles	(160,717)	(17,641)	0	(178,358)
Total Accumulated Depreciation	<u>(\$9,239,802)</u>	<u>(\$259,300)</u>	<u>\$0</u>	<u>(\$9,499,102)</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>CAPITAL ASSETS - NET</u>	<u>\$3,193,660</u>	<u>\$1,428,052</u>	<u>\$0</u>	<u>\$4,621,712</u>

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated". Depreciation was recorded on the statement of activities as follows:

Instruction	\$ 20,000
Support Services	44,845
Food Service	4,053
Athletics	13,048
Unallocated	<u>177,354</u>
<u>TOTAL DEPRECIATION EXPENSE</u>	<u>\$ 259,300</u>

10) SELF INSURANCE POOL

The School District participates in a public entity risk pool (self-insurance pool) for its workers' compensation, property and casualty, general liability, and boiler insurance. The pool is through the MASB/SET/SEG and is administered by Corporate Services. The pool provides for reinsurance by various insurance companies at various levels, depending on the coverage. Should the pool experience significant losses in the aggregate, the School District may be required to pay additional monies to the pool. At present, the MASB/SET/SEG has not required additional funds, but rather has issued refunds based on experience gains over experience losses over the last few years. Premiums for the year ended June 30, 2008 were \$75,914 and the School District received a dividend refund of \$8,188.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

11) GENERAL LONG-TERM DEBT

A) Durant Resolution Package Bonds

Westwood Heights Schools issued Durant Resolution Bonds on November 24, 1998 in the amount of \$216,744 at the interest rate of 4.7613%. The bonds are a legal obligation of the school district but the annual State of Michigan appropriation is the only revenue source for making the annual debt service payments on the bonds. If the legislature fails to appropriate the bonds, the district is under no obligation for payment. The balance at June 30, 2008 was \$127,979.

B) Annual Principal Requirements

The annual principal requirements for all debt outstanding as of June 30, 2008 are as follows:

	Bonds Payable	Interest	Total
June 30, 2009	\$73,709	\$28,555	\$102,264
June 30, 2010	12,636	2,584	15,220
June 30, 2011	13,238	1,982	15,220
June 30, 2012	13,868	1,352	15,220
June 30, 2013	14,528	692	15,220
<u>TOTAL</u>	<u>\$127,979</u>	<u>\$35,165</u>	<u>\$163,144</u>

The payment dates of sick days payable is undeterminable. The interest expenditures on long-term obligations for the year were \$0.

D) Changes in General Long-Term Debt

	Balance 7-1-07	Additions	Deductions	Balance 6-30-08	Amount Due in One Year
Governmental Activities:					
General Obligation Bonds	\$127,979	\$0	\$0	\$127,979	\$73,709
Sick Days Payable	63,176	5,392	0	68,568	0
<u>Total Governmental Activities</u>	<u>\$191,155</u>	<u>\$5,392</u>	<u>\$0</u>	<u>\$196,547</u>	<u>\$73,709</u>

12) FUND DESIGNATIONS

The district has established a reserve in the fund balance to cover the judgment, accrued interest and attorney fees awarded in a court case. The District's legal counsel states the amount is not covered under the District's insurance policy's and is therefore an obligation of the District. The payment will not be currently made and the case is currently under appeal, therefore the District has reserved the amount rather than recording it as a current obligation. The final outcome of the appeal is unknown.

13) OPERATING LEASES

The District entered into a new lease agreement with IKON Office Solutions to supply and service all copy machine. The lease commenced on February 19, 2007 for a period of sixty months. The lease call for monthly payments of \$1,229.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

13) OPERATING LEASES (Continued)

Future maturities are as follows:

2009	\$ 14,742
2010	14,742
2011	14,742
2012	<u>11,057</u>
 <u>TOTAL</u>	 <u>\$ 55,283</u>

14) INTERFUND ACTIVITY

Interfund balances at June 30, 2008 consisted of the following:

<b>DUE FROM</b>	
<b>DUE TO</b>	Special
	Revenue
	<u>Funds</u>
General Fund	<u>\$16,993</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

15) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2008, consisted of the following:

<b>TRANSFERS FROM</b>	
<b>TRANSFERS TO</b>	General
	<u>Fund</u>
Athletics Fund	<u>\$241,914</u>

These transfers were made to subsidize the cost of services for athletics.

16) DEFINED BENEFIT PENSION PLAN

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The MPERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the MPERS at 7150 Harris Drive, PO Box 30673, Lansing, MI 48909-8103.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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16) DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy

Employer contributions to the MPSERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 17.74 percent for the period July 1, 2007 through September 30, 2007 and 16.72 percent for the period October 1, 2007 through June 30, 2008 of the covered payroll to the plan. Basic plan members make no contributions, but contribute to a member investment plan (MIP) at rates ranging from 3 percent to 4.3 percent of gross wages. The School District's contributions to the MPSERS pension plan for the years ended June 30, 2008, 2007 and 2006 were \$947,304, \$1,073,740 and \$1,033,298, respectively.

Postemployment Benefits

Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverages. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPSERS pension plan discussed above.

17) RISK MANAGEMENT

The District is exposed to various risks of loss in conducting its operations, from property and casualty theft, damage to various tort and liability claims and worker's compensation claims. The District limits its exposure to such claims through its participation in and payments of premiums to SET-SEG, Inc. Insurance Trust. This pool maintains a loss fund and is also required by the terms of the participation agreement to obtain insurance and reinsurance as necessary.

The terms of the participation agreement with the pool indicate that, should losses of the pool incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may access its member districts on a pro-rata basis to cover excess losses. In past years the loss fund has exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in this pool provides sufficient coverage to protect the District from any significant adverse financial impact.

18) CONTINGENCIES AND COMMITMENTS

The District participates in a number of federally assisted grant programs. These programs are subject to program compliance audits. The audits of these programs for and including the year ended June 30, 2008, have been conducted and have been reported in this audit report. However, the compliance audit reports have not yet been accepted by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time; although the District expects such amounts, if any, to be immaterial.

19) SUBSEQUENT EVENTS

The District borrowed \$1,100,000 at 1.7% interest per annum on August 20, 2008, on a State Aid Anticipation Note. The note proceeds will be used to meet cash flow needs for the 2008-2009 fiscal year.

OTHER SUPPLEMENTAL  
INFORMATION

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2008

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
<u>ASSETS</u>			
Cash and Cash Equivalents	\$46,266	\$278,112	\$324,378
Accounts Receivable	2,232	0	2,232
Due From Other Funds	16,993	0	16,993
Due From Other Governmental Units	18,097	0	18,097
Inventory	14,018	0	14,018
<u>TOTAL ASSETS</u>	<u>\$97,606</u>	<u>\$278,112</u>	<u>\$375,718</u>
<u>LIABILITIES</u>			
Accounts Payable	\$17,216	\$0	\$17,216
Accrued Expenses	3,814	0	3,814
Salaries Payable	15,649	0	15,649
Total Liabilities	\$36,679	\$0	\$36,679
<u>FUND BALANCES</u>			
Reserved For:			
Inventory	14,018	0	14,018
Capital Projects	0	278,112	278,112
Unreserved:			
Undesignated, Reported In:			
Special Revenue Fund	46,909	0	46,909
Total Fund Balances	\$60,927	\$278,112	\$339,039
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$97,606</u>	<u>\$278,112</u>	<u>\$375,718</u>

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
<u>REVENUES</u>			
Local Sources	\$213,203	\$527,965	\$741,168
State Sources	45,844	0	45,844
Federal Sources	469,647	0	469,647
Total Revenues	<u>\$728,694</u>	<u>\$527,965</u>	<u>\$1,256,659</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers from Other Funds	241,914	0	241,914
Total Revenues & Other Financing Sources	<u>\$970,608</u>	<u>\$527,965</u>	<u>\$1,498,573</u>
<u>EXPENDITURES</u>			
Special Revenue	1,266,711	0	1,266,711
Capital Outlay	0	1,337,597	1,337,597
Total Expenditures	<u>\$1,266,711</u>	<u>\$1,337,597</u>	<u>\$2,604,308</u>
<u>OTHER FINANCING USES</u>			
Other Transfers	4,000	0	4,000
Total Expenditures and Other Financing Uses	<u>\$1,270,711</u>	<u>\$1,337,597</u>	<u>\$2,608,308</u>
Net Change in Fund Balance	(\$300,103)	(\$809,632)	(\$1,109,735)
<u>NET ASSETS - BEGINNING</u>	<u>361,030</u>	<u>\$1,087,744</u>	<u>1,448,774</u>
<u>NET ASSETS - ENDING</u>	<u>\$60,927</u>	<u>\$278,112</u>	<u>\$339,039</u>



WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
SPECIAL REVENUE FUND  
COMBINING BALANCE SHEET  
AS OF JUNE 30, 2008

	Food Service	Athletic Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$41,846	\$4,420	\$46,266
Accounts Receivable	2,232	0	2,232
Due From Other Funds	8,111	8,882	16,993
Due From Other Governmental Units	18,097	0	18,097
Inventory	14,018	0	14,018
<u>TOTAL ASSETS</u>	<u>\$84,304</u>	<u>\$13,302</u>	<u>\$97,606</u>
<u>LIABILITIES</u>			
Accounts Payable	\$12,796	\$4,420	\$17,216
Accrued Expenses	2,074	1,740	3,814
Salaries Payable	8,507	7,142	15,649
Total Liabilities	\$23,377	\$13,302	\$36,679
<u>FUND EQUITY</u>			
Reserved for Inventory	14,018	0	14,018
Unreserved and Undesignated	46,909	0	46,909
Total Fund Equity	\$60,927	\$0	\$60,927
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$84,304</u>	<u>\$13,302</u>	<u>\$97,606</u>

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
SPECIAL REVENUE FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2008

	Food Service	Athletic Activities	Total
<u>REVENUES</u>			
<u>Local Sources</u>			
Cafeteria Sales	\$136,784	\$0	\$136,784
Athletic Activities	0	26,091	26,091
Earnings on Investments and Deposits	4,540	0	4,540
Other Local Sources	45,788	0	45,788
Total Local Sources	\$187,112	\$26,091	\$213,203
<u>State Sources</u>			
State Reimbursements	45,844	0	45,844
<u>Federal Sources</u>			
Federal Reimbursements	439,012	0	439,012
Commodities	30,635	0	30,635
Total Federal Sources	\$469,647	\$0	\$469,647
Total Revenues	\$702,603	\$26,091	\$728,694
<u>OTHER FINANCING SOURCES</u>			
Transfers from General Fund	0	241,914	241,914
Total Revenues and Other Financing Sources	\$702,603	\$268,005	\$970,608
<u>EXPENDITURES</u>			
Salaries - Professional	0	50,262	50,262
Salaries - Non-Professional	245,041	96,967	342,008
Insurances	27,317	8,980	36,297
Fica, Retirement, Etc.	68,334	35,583	103,917
Purchased Services	9,213	41,941	51,154
Supplies and Materials	308,196	25,603	333,799
Capital Outlay	336,994	4,540	341,534
Other	3,611	4,129	7,740
Total Expenditures	\$998,706	\$268,005	\$1,266,711
<u>OTHER FINANCING USES</u>			
Other Transfers	4,000	0	4,000
Total Expenditures and Other Financing Uses	\$1,002,706	\$268,005	\$1,270,711
<u>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</u>	(\$300,103)	\$0	(\$300,103)
<u>FUND BALANCE - BEGINNING OF YEAR</u>	\$361,030	\$0	\$361,030
<u>FUND BALANCE - END OF YEAR</u>	\$60,927	\$0	\$60,927

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
CAPITAL PROJECTS FUND  
COMBINING BALANCE SHEET  
AS OF JUNE 30, 2008

	1990 Sinking Capital Projects	1999 Sinking Capital Projects	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$106,827	\$171,285	\$278,112
<u>TOTAL ASSETS</u>	<u>\$106,827</u>	<u>\$171,285</u>	<u>\$278,112</u>
<u>FUND EQUITY</u>			
Reserved for Capital Projects	\$106,827	\$171,285	\$278,112

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
CAPITAL PROJECTS FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2008

	1990 Sinking Capital Projects	1999 Sinking Capital Projects	Total
<u>REVENUES</u>			
<u>Local Sources</u>			
Property Tax Levy	\$168,170	\$356,267	\$524,437
Earnings on Investments and Deposits	1,390	2,138	3,528
Total Local Sources	<u>\$169,560</u>	<u>\$358,405</u>	<u>\$527,965</u>
<u>EXPENDITURES</u>			
Capital Outlay	<u>450,000</u>	<u>887,597</u>	<u>1,337,597</u>
<u>EXCESS REVENUES OVER (UNDER)</u>			
<u>EXPENDITURES</u>	<u>(\$280,440)</u>	<u>(\$529,192)</u>	<u>(\$809,632)</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>\$387,267</u>	<u>\$700,477</u>	<u>\$1,087,744</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$106,827</u>	<u>\$171,285</u>	<u>\$278,112</u>

INDIVIDUAL FUND SCHEDULES OF  
REVENUES, EXPENDITURES AND  
OTHER FINANCING USES

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
FOR THE YEAR ENDED JUNE 30, 2008

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REVENUES FROM
Local Sources

Property Tax Levy	\$1,799,626
Earnings on Investments and Deposits	38,178
Tuition	2,685
Building Rentals	328,936
Medicaid School Based Services	20,796
Bridges	5,497
Other Local Revenues	159,230
Total Revenues from Local Sources	<u>\$2,354,948</u>

State Sources

State Aid - Foundation - Sec. 20	6,159,746
Headlee	306,555
Durant	21,674
At Risk	342,841
MI School Readiness	176,657
Career Prep Grant - ISD	46,568
Vocational Education	8,368
Total Revenues from State Sources	<u>\$7,062,409</u>

Federal Sources

Title I	543,860
Title V	5,624
Homeland Security	1,660
Bridges to the Future	35,546
IDEA - Preschool	3,325
Other Grants from ISD	11,002
21st Century Learning Grant	52,764
Technology Literacy Grant	6,835
Improving Teacher Quality	63,288
Special Education - Flow Through	268,910
Medicaid - Administrative Outreach	5,905
Total Revenues from Federal Sources	<u>\$998,719</u>
Total Revenues	<u>\$10,416,076</u>

OTHER FINANCING SOURCES

Other Transfers	4,000
County Special Education Tax	79,093
Total Other Financing Sources	<u>\$83,093</u>

TOTAL REVENUES AND OTHER FINANCING SOURCES
\$10,499,169

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
FOR THE YEAR ENDED JUNE 30, 2008

INSTRUCTIONBASIC PROGRAMSElementary

Salaries - Professional	\$1,044,302
Salaries - Non-Professional	42,239
Insurances	307,091
Fica, Retirement, Etc.	313,925
Other Benefits	6,018
Purchased Services	34,533
Supplies and Materials	17,213
Total Elementary	<u>\$1,765,321</u>

Middle School

Salaries - Professional	730,926
Salaries - Non-Professional	7,743
Insurances	175,233
Fica, Retirement, Etc.	195,409
Other Benefits	3,200
Purchased Services	11,266
Supplies and Materials	22,553
Other	290
Total Middle School	<u>\$1,146,620</u>

High School

Salaries - Professional	806,458
Salaries - Non-Professional	25,600
Insurances	213,128
Fica, Retirement, Etc.	222,422
Other Benefits	2,400
Purchased Services	28,606
Supplies and Materials	53,047
Total High School	<u>\$1,351,661</u>

Preschool

Salaries - Professional	81,418
Salaries - Non-Professional	24,616
Insurances	15,068
Fica, Retirement, Etc.	25,774
Purchased Services	559
Supplies and Materials	1,497
Capital Outlay	16,959
Total Preschool	<u>\$165,891</u>

Summer School

Salaries - Professional	13,289
Fica, Retirement, Etc.	3,238
Purchased Services	62,008
Supplies and Materials	1,294
	<u>\$79,829</u>
Total Basic Programs	<u>\$4,509,322</u>

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
FOR THE YEAR ENDED JUNE 30, 2008

INSTRUCTION (Continued)

ADDED NEEDS

Special Education

Salaries - Professional	\$441,478
Salaries - Non-Professional	88,793
Insurances	118,508
Fica, Retirement, Etc.	130,164
Other Benefits	2,400
Purchased Services	3,834
Supplies and Materials	31,114
Total Special Education	<u>\$816,291</u>

Compensatory Education

Salaries - Professional	292,963
Salaries - Non-Professional	40,662
Insurances	59,395
Fica, Retirement, Etc.	81,558
Purchased Services	2,482
Supplies and Materials	36,410
Total Compensatory Education	<u>\$513,470</u>

Vocational Education

Salaries - Professional	64,052
Salaries - Non-Professional	455
Insurances	15,068
Fica, Retirement, Etc.	15,743
Purchased Services	278
Supplies and Materials	10,216
Total Vocational Education	<u>\$105,812</u>

Total Added Needs	<u>\$1,435,573</u>
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<u>Total Instruction</u>	\$5,944,895
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SUPPORT SERVICES

Student Services

Salaries - Professional	294,392
Salaries - Non-Professional	82,048
Insurances	70,885
Fica, Retirement, Etc.	91,837
Purchased Services	76,429
Supplies and Materials	48,796
Other	1,709
Total Student Services	<u>\$666,096</u>



WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
FOR THE YEAR ENDED JUNE 30, 2008

SUPPORT SERVICES (Continued)

Instructional Staff

Salaries - Professional	\$195,162
Salaries - Non-Professional	49,577
Insurances	83,498
Fica, Retirement, Etc.	59,977
Purchased Services	65,167
Supplies and Materials	8,927
Capital Outlay	7,170
Other	310
Total Instructional Staff	<u>\$469,788</u>

General Administration

Salaries - Professional	123,807
Salaries - Non-Professional	48,264
Insurances	19,092
Fica, Retirement, Etc.	31,621
Other Benefits	8,908
Purchased Services	79,001
Supplies and Materials	5,268
Other	5,113
Total General Administration	<u>\$321,074</u>

School Administration

Salaries - Professional	299,451
Salaries - Non-Professional	111,330
Insurances	156,952
Fica, Retirement, Etc.	105,405
Purchased Services	1,695
Supplies and Materials	23,464
Other	2,121
Total School Administration	<u>\$700,418</u>

Business Office

Purchased Services	111,282
Supplies and Materials	1,335
Capital Outlay	2,152
Other	56,376
Total Business Office	<u>\$171,145</u>

Operation and Maintenance of Plant

Salaries - Professional	21,300
Salaries - Non-Professional	393,278
Insurances	157,511
Fica, Retirement, Etc.	113,466
Purchased Services	150,104
Supplies and Materials	456,586
Capital Outlay	42,550
Total Operation and Maintenance of Plant	<u>\$1,334,795</u>

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
FOR THE YEAR ENDED JUNE 30, 2008

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SUPPORT SERVICES (Continued)

Transportation

Fica, Retirement, Etc.	\$3,613
Purchased Services	394,015
Supplies and Materials	31,646
Capital Outlay	2,830
Total Transportation	<u>\$432,104</u>

Support Services - Central

Purchased Services	125,897
Supplies and Materials	5,629
Total Support Services - Central	<u>\$131,526</u>

Total Support Services \$4,226,946

COMMUNITY SERVICES

Purchased Services	3,774
Supplies and Materials	10,822
Capital Outlay	10,519
Other	145
Total Community Services	<u>\$25,260</u>

Total Expenditures \$10,197,101

OTHER FINANCING USES

Transfers to Athletics	241,914
Adjustment to Prior Year	49,943
Total Other Financing Uses	<u>\$291,857</u>

TOTAL EXPENDITURES AND OTHER FINANCING USES \$10,488,958

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
TRUST AND AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2008

Student Activity	Due to (From)			Due to (From)
	Student Groups July 1, 2007	Receipts	Disbursements	Student Groups June 30, 2008
Athletic Baseball	\$0	\$1,500	\$980	\$520
Athletic Booster	16	13,737	9,926	3,827
Athletic Tournaments	0	7,850	6,062	1,788
Band	5	1,832	1,724	113
Basketball Club	232	3,030	2,878	384
Business Management Class	0	443	0	443
Central Office Concessions	1,104	260	1,098	266
Choir	498	404	120	782
Cultural Exchange (Spanish Club)	179	0	0	179
Drug Free Schools	387	0	0	387
Faculty Scholarship Fund	2,219	2,121	1,801	2,539
Football	937	3,513	4,450	0
Girls Basketball Club	0	27	12	15
Graduation Class of 2005	123	0	0	123
Graduation Class of 2006	195	0	0	195
Graduation Class of 2007	41	0	0	41
Graduation Class of 2008	1,982	8,702	7,474	3,210
Graduation Class of 2009	396	3,747	2,753	1,390
Graduation Class of 2010	561	575	537	599
Graduation Class of 2011	0	1,086	294	792
Graduation Class of 2012	103	0	0	103
Graduation Class of 2013	400	0	0	400
Graduation Class of 2014	400	0	0	400
Graduation Class of 2015	454	0	0	454
Graduation Class of 2016	90	0	0	90
Graduation Prior Classes	2,841	0	0	2,841
Graphics Arts	623	5,555	6,178	0
Hamady Elem. School Improv.	1,179	0	1,179	0
Hamady Elementary Concessions	1,282	0	1,282	0
Hamady Elementary Library	343	0	343	0
Hamady Elementary PTO	767	0	766	1
Hawk Pride	107	4,727	4,698	136
High School Activities	1,610	3,422	3,373	1,659
High School Cheerleading	584	4,628	4,429	783
High School Concessions	1,763	966	1,225	1,504
High School Industrial Arts	264	0	0	264
High School Library	1,110	64	1,141	33
High School Student Council	778	558	574	762
High School Student Fees/fines	4,587	2,594	46	7,135
High School Yearbook	15	0	0	15
Interest	160	237	171	226
Subtotal	\$28,335	\$71,578	\$65,514	\$34,399

## WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN

## TRUST AND AGENCY FUND

## SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2008

Student Activity	Due to (From)			Due to (From)
	Student Groups July 1, 2007	Receipts	Disbursements	Student Groups June 30, 2008
Junior High Cheerleading	\$34	\$660	\$520	\$174
Junior High Student Council	497	353	0	850
Middle School Concessions	300	165	0	465
Middle School Fees/Fines	85	0	84	1
National Honor Society	456	0	432	24
Project Close-Up	732	0	0	732
Quiz Bowl	3	0	0	3
Reading is Fundamental	118	0	118	0
Scholarship - Linda Flores	0	1,000	0	1,000
Scholarship - Marlene Dean	1,910	400	0	2,310
Scholarship - Thrower, Davis	1,659	0	500	1,159
Scholarship - Michael Stapish	535	0	100	435
Scholarship Club	1,544	1,240	1,200	1,584
Softball	19	0	0	19
Westwood Elem Concessions	1,450	20,913	18,181	4,182
Westwood Elem Library	3	5,520	4,505	1,018
Westwood Elem Misc (PTO)	253	3,717	3,428	542
Westwood Elem School Improv	314	3,207	2,674	847
Westwood Heights Senior Citizens	145	0	0	145
Youth Advisory Council	9	0	0	9
Youth Football League	102	0	0	102
<b><u>TOTALS</u></b>	<b><u>\$38,503</u></b>	<b><u>\$108,753</u></b>	<b><u>\$97,256</u></b>	<b><u>\$50,000</u></b>

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

DATE OF ISSUE - November 24, 1998

Original amount of issue - \$216,744

<u>1998 DURANT RESOLUTION PACKAGE BONDS</u>				TOTAL
<u>PAYMENT DATE - MAY 15TH</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>INTEREST RATE</u>	<u>INTEREST REQUIREMENT</u>	<u>FISCAL YEAR REQUIREMENTS</u>
2009	\$73,709	4.761353%	\$28,555	\$102,264
2010	12,636	4.761353%	2,584	15,220
2011	13,238	4.761353%	1,982	15,220
2012	13,868	4.761353%	1,352	15,220
2013	14,528	4.761353%	692	15,220
<u>TOTAL</u>	<u>\$127,979</u>		<u>\$35,165</u>	<u>\$163,144</u>

WESTWOOD HEIGHTS SCHOOLS

FLINT, MICHIGAN

FEDERAL AWARDS  
SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2008

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*Lewis & Knopf, CPAs, P.C.*

Serving You with Trust and Integrity

November 13, 2008

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education of  
Westwood Heights Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Westwood Heights Schools, as of and for the year ended June 30, 2008, which collectively comprise the Westwood Heights Schools' basic financial statements and have issued our report thereon dated November 13, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Westwood Heights Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Westwood Heights Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Westwood Heights Schools' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Westwood Heights Schools' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Westwood Heights Schools' financial statements that is more than inconsequential will not be prevented or detected by the Westwood Heights Schools' internal control. We consider the deficiencies identified as 2008-1 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Westwood Heights Schools' internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Westwood Heights Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.





Westwood Heights Schools

Page 2

November 13, 2008

This report is intended solely for the information and use of management, the finance committee, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lewis & Knopf PC*  
LEWIS & KNOFF, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS



*Lewis & Knopf, CPAs, P.C.*

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November 13, 2008

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

To the Board of Education of  
Westwood Heights Schools

Compliance

We have audited the compliance of Westwood Heights Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Westwood Heights Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Westwood Heights Schools' management. Our responsibility is to express an opinion on Westwood Heights Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Westwood Heights Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Westwood Heights Schools' compliance with those requirements.

In our opinion, Westwood Heights Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Westwood Heights Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Westwood Heights Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Westwood Heights Schools' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.



Westwood Heights Schools  
Page 2  
November 13, 2008

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Westwood Heights Schools, as of and for the year ended June 30, 2008, and have issued our report thereon dated November 13, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Westwood Heights Schools' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the finance committee, management, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lewis & Knopf PC*  
LEWIS & KNOFF, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS



WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH PROJECT NUMBER	APPROVED GRANT AWARD AMOUNT
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through Michigan Department of Education:			
Title I Grants to Local Educational Agencies	84.010		
ESEA Title I - Regular (06-07)		071530-0607	\$430,805
ESEA Title I - Regular (07-08)		081530-0708	524,654
Total Title I Grants to Local Educational Agencies			<u>\$955,459</u>
Special Education - Grants to States	84.027		
Service Provider Self Review		080250-0708	4,000
Innovative Education Program Strategies	84.298		
ESEA Title V (06-07)		070250-0607	4,270
ESEA Title V (07-08)		080440-0708	4,358
Total Innovative Education Program Strategies			<u>\$8,628</u>
Technology Literacy Challenge Grants	84.318		
Technology Literacy Challenge Fund Administration (06-07)		074290-0607	4,422
Technology Literacy Challenge Fund Administration (07-08)		084290-0708	6,509
Total Technology Literacy Challenge Grants			<u>\$10,931</u>
Improving Teacher Quality	84.367		
Improving Teacher Quality (05-06)		060520-0607	8,013
Improving Teacher Quality (06-07)		070520-0607	95,915
Improving Teacher Quality (07-08)		080520-0708	81,195
Total Improving Teacher Quality			<u>\$185,123</u>
Total Passed Through Michigan Department of Education			<u>\$1,164,141</u>
Passed Through Genesee Intermediate School District:			
Special Education - Grants to States	84.027		
IDEA Flow Through (06-07)		070450-0607	265,626
IDEA Flow Through (07-08)		080450-07808	256,017
Total Special Education - Grants to States			<u>\$521,643</u>
Career Technical Education - Grants to States	84.048		
Secondary Regional Allocation - Perkins (07-08)		083520-8012-15	2,700
Special Education - Preschool Grants	84.173		
IDEA Preschool Incentive (06-07)		070460-0607	2,620
IDEA Preschool Incentive (07-08)		080460-0708	3,090
Total Special Education - Preschool Grants			<u>\$5,710</u>
Emergency Response & Crisis Management (05-06)	84.184E	Q184E050156	2,660

ACCRUED (DEFERRED) REVENUE JULY 1, 2007	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS	CURRENT YEAR CASH RECEIPTS	ACCRUED (DEFERRED) REVENUE JUNE 30, 2008
\$64,483	\$287,655	\$78,530	\$0	\$143,013	\$0
0	0	465,330	0	397,594	67,736
\$64,483	\$287,655	\$543,860	\$0	\$540,607	\$67,736
0	0	0	0	0	0
861	861	3,409	0	4,270	0
0	0	2,215	0	2,215	0
\$861	\$861	\$5,624	\$0	\$6,485	\$0
239	239	2,211	0	2,450	0
0	0	4,624	0	4,524	100
\$239	\$239	\$6,835	\$0	\$6,974	\$100
8,013	8,013	0	0	8,013	0
24,305	88,974	2,511	0	26,816	0
0	0	60,777	0	49,171	11,606
\$32,318	\$96,987	\$63,288	\$0	\$84,000	\$11,606
\$97,901	\$385,742	\$619,607	\$0	\$638,066	\$79,442
33,608	246,166	19,460	0	53,068	0
0	0	249,450	0	236,476	12,974
\$33,608	\$246,166	\$268,910	\$0	\$289,544	\$12,974
0	0	2,700	0	2,700	0
2,385	2,385	235	0	2,620	0
0	0	3,090	0	0	3,090
\$2,385	\$2,385	\$3,325	\$0	\$2,620	\$3,090
0	0	2,660	0	2,660	0

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH PROJECT NUMBER	APPROVED GRANT AWARD AMOUNT
<u>U.S. DEPARTMENT OF EDUCATION (Continued)</u>			
Passed Through Genesee Intermediate School District: (Continued)			
Safe & Drug Free Grants	84.186		
Love & Logic (07-08)		082860-0708	\$1,372
21st Century Learning Grant (07-08)	84.287C	082110-D07006	64,560
Title III Limited English (07-08)	84.365	080580-0708	271
Total Passed Through Genesee Intermediate School District			<u>\$598,916</u>
<u>TOTAL U.S. DEPARTMENT OF EDUCATION</u>			\$1,763,057
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through Michigan Department of Education:			
Food Distribution	10.550		
Entitlement Commodities		N/A	29,651
Bonus Commodities		N/A	984
Total Commodities			<u>\$30,635</u>
School Breakfast Program	10.553	N/A	176,574
National School Lunch Program	10.555	N/A	637,853
Special Milk Program for Children	10.556	N/A	263
Child Care Food Program	10.558	N/A	8,213
Total Passed Through Michigan Department of Education			<u>\$853,538</u>
Passed Through Genesee Intermediate School District:			
Supplemental Nutrition Assistance Program	10.551		
Project Shine (07-08)		61-5003M	<u>21,818</u>
<u>TOTAL U.S. DEPARTMENT OF AGRICULTURE</u>			\$875,356
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through United Way			
Temporary Assistance for Needy Families (TANF)	93.558	N/A	7,213
Temporary Assistance for Needy Families (TANF)	93.558	N/A	69,268
Total Passed Through United Way			<u>\$76,481</u>
Pass Through Genesee Intermediate School District			
Medicaid - Administrative Outreach	93.778	N/A	<u>5,905</u>
<u>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			<u>\$82,386</u>
<u>TOTAL FEDERAL AWARDS</u>			<u>\$2,720,799</u>

ACCRUED (DEFERRED) REVENUE JULY 1, 2007	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS	CURRENT YEAR CASH RECEIPTS	ACCRUED (DEFERRED) REVENUE JUNE 30, 2008
\$0	\$0	\$1,372	\$0	\$1,372	\$0
0	0	52,764	0	20,582	32,182
0	0	271	0	0	271
<u>\$35,993</u>	<u>\$248,551</u>	<u>\$332,002</u>	<u>\$0</u>	<u>\$319,478</u>	<u>\$48,517</u>
\$133,894	\$634,293	\$951,609	\$0	\$957,544	\$127,959
0	0	29,651	0	29,651	0
0	0	984	0	984	0
<u>\$0</u>	<u>\$0</u>	<u>\$30,635</u>	<u>\$0</u>	<u>\$30,635</u>	<u>\$0</u>
2,150	81,348	95,226	0	94,466	2,910
8,051	302,543	335,310	0	333,544	9,817
0	0	263	0	263	0
0	0	8,213	0	8,213	0
<u>\$10,201</u>	<u>\$383,891</u>	<u>\$469,647</u>	<u>\$0</u>	<u>\$467,121</u>	<u>\$12,727</u>
0	0	5,659	0	2,971	2,688
\$10,201	\$383,891	\$475,306	\$0	\$470,092	\$15,415
0	0	7,213	0	7,213	0
0	0	28,333	0	28,333	0
<u>\$0</u>	<u>\$0</u>	<u>\$35,546</u>	<u>\$0</u>	<u>\$35,546</u>	<u>\$0</u>
0	0	5,905	0	5,905	0
\$0	\$0	\$41,451	\$0	\$41,451	\$0
<u>\$144,095</u>	<u>\$1,018,184</u>	<u>\$1,468,366</u>	<u>\$0</u>	<u>\$1,469,087</u>	<u>\$143,374</u>

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
NOTES/RECONCILIATION TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008

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FEDERAL REVENUE RECOGNIZED FOR THE SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS

\$1,468,366

FEDERAL REVENUE RECOGNIZED PER THE GENERAL  
PURPOSE FINANCIAL STATEMENTS

General Fund \$998,719

School Service Fund 469,647

TOTAL \$1,468,366

- 1) The Schedule of Expenditures of Federal Awards had been prepared under the modified accrual basis of accounting.
- 2) Management has utilized the Grants Section Auditors Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards. All differences between the Schedule of Expenditures of Federal Awards and the Form R7120 have been reconciled in the attached reconciliation on page 8 of this report.
- 3) As of the date of completion of fieldwork, the Schedule of Transfers to Sub-Recipients from the Intermediate School Districts was not available. The amounts shown on the Schedule of Federal Financial Assistance as flow through from the Intermediate School Districts may not be conclusive.



WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN  
RECONCILIATION OF FORM R 7120 "GRANT SECTION AUDITOR'S REPORT"  
TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008

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Current Payments Per the Grant Section Auditor's Report

(Form R 7120)	\$436,486
Cash Management System	638,066
Total	<u>\$1,074,552</u>

Add: Grants Passed Through Genesee Intermediate School District:

Special Education - State Grants (CFDA 84.027)	\$289,544	
Secondary Regional Allocation - Perkins (CFDA 84.048)	2,700	
Emergency Response & Crisis Management (CFDA 84.184E)	2,660	
Special Education - Preschool Grants (CFDA 84.173)	2,620	
Safe & Drug Free Grants (CFDA 84.186)	1,372	
21st Century Learning Grant (CFDA 84.287C)	20,582	
Supplemental Nutrition Assistance Program (CFDA 10.551)	2,971	
Medicaid - Administrative Outreach (CFDA 93.778)	<u>5,905</u>	
Total Passed Through Genesee Intermediate School District		328,354

Passed Through United Way

Temporary Assistance for Needy Families (CFDA 93.558)	35,546
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Entitlement and Bonus Commodities (CFDA 10.550)	<u>30,635</u>
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TOTAL CURRENT YEAR RECEIPTS PER SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS

<u>\$1,469,087</u>
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WESTWOOD HEIGHTS SCHOOLS- FLINT, MICHIGAN  
SUMMARY OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued:

Unqualified

Internal control over financial reporting:

- Is a “going concern” explanatory paragraph included in the audit report? ☐ Yes ☒ No
- Is a significant deficiency disclosed? ☒ Yes ☐ No
- Is any Significant deficiency reported as a material weaknesses? ☐ Yes ☒ None reported
- Is a material noncompliance disclosed? ☐ Yes ☒ No

**Federal Awards**

- Dollar threshold use to distinguish between type A and type B programs: \$ 300,000.00
- Did the auditee qualify as a low-risk auditee? ☒ Yes ☐ No
- Is a significant deficiency disclosed for any major program? ☐ Yes ☒ No
- Is any significant deficiency reported for any major program as a material weakness? ☐ Yes ☒ None reported

Type of auditor’s report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

☐ Yes ☒ No

Identification of major programs:

CFDA Number(s)  
10.553/10.555/10.556

Name of Federal Program or Cluster  
Nutrition Cluster

WESTWOOD HEIGHTS SCHOOLS- FLINT, MICHIGAN  
SUMMARY OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

Finding 2008-1

Finding Type – Significant deficiency

Criteria – Compliance with State of Michigan bidding requirements and adherence with board purchasing policy thresholds insures competitive pricing and proper internal control of school district disbursements.

Condition – Bidding – all aspects of the State of Michigan’s bidding procedures for the posting of bids for sinking funds was adhered to but not in the proper order. Significant change orders on sinking fund construction projects were not approved in a timely fashion, by the board in accordance with board policy.

Context - The consistent application of accounting and compliance control procedures has been hampered by turnover in administrative and board positions. The district experienced unknown and unexpected construction obstacles, such as asbestos discovery, in the construction process. The desire to limit interruption of educational services in the buildings was also a factor in the compliance control procedures not being performed in a timely manner or in the proper order.

Cause/Effect – Lack of adherence with internal and external policies and procedures increases the risk of misappropriation of assets and misstatements in the financial records. Compliance with State of Michigan sinking fund regulations is mandatory.

Recommendation – We recommend the District review procedures on a regular basis and obtain advice and direction from internal and external advisor’s, as needed to insure adherence to regulations.

Views of Responsible Official and Planned Corrective Action

Westwood Heights has contracted with Genesee Intermediate School District (GISD) to provide business office management. When GISD staff became aware that a construction project was underway, it was determined that Westwood Heights bid the services of a construction manager and the board of education awarded a contract to a construction manager. Once the contract was awarded to the construction manager, the construction manager bid the project and hired all of the subcontractors to complete the construction project.

Westwood Heights is now working even more closely with GISD and has implemented procedures to ensure board purchasing policies and State of Michigan competitive bidding requirements are followed.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no current year findings.

**STATUS OF PRIOR YEAR FINDING**

There were no prior year findings.